

DEC 17 2012

STATE OF WISCONSIN

Before the Interest Arbitrator

RELATIONS COMMISSION

In the Matter of the Petition

of

Town of Rome
and
WPPA/ Law Enforcement Employee Relations Div.

For Final and Binding
Arbitration Involving Law
Enforcement Personnel in the
Employ of

Town of Rome

Case 4

No. 70862 MIA 2994
Decision No. ~~32260-A~~ **33866-A**

Raymond E. McAlpin
Arbitrator

APPEARANCES

For the Association: Michael Goetz - Business Agent

For the City: William Braken - Attorney

PROCEEDINGS

On June 8, 2012 the undersigned was appointed Arbitrator by the Wisconsin Employment Relations Commission pursuant to Section 111.77 (4) (b) of the Municipal Employment Relations Act, to resolve an impasse existing between Village of Caledonia and WPPA/LEER, hereinafter referred to as the Association, and the Village of Caledonia, hereinafter referred to as the Employer.

The hearing was held on September 18, 2012 in Rome, Wisconsin. The Parties did not request mediation services and the hearing proceeded. At this hearing the Parties were afforded an opportunity to present oral and written evidence, to examine and cross-examine witnesses and to make such arguments as were deemed pertinent. The Parties stipulated that all provisions of the applicable statutes had been complied with and that the matter was properly before the Arbitrator. Briefs were filed in this case and the record was closed on November 12, 2012 subsequent to receiving the final briefs.

ISSUES

The following are the issues still in dispute between the Union and the City:

	<u>UNION</u>	<u>TOWN</u>
<u>Wages:</u>		
	\$2,011 - 0%	\$2,011 - 0%
2012	- 2%	- 3%
2013	- 2%	- 3%
 <u>WRS Retirement Contribution:</u>		
	100% (status quo)	Eff. 1/1/13 Officers will pay 6.65%
 <u>Insurance Premium:</u>		
	Status quo (90% Employer paid)	Additional 2% - total 12% (Employee paid)

STATUTORY CRITERIA

Section 111.77(6), Wis. Stats., as follows:

(am) In reaching a decision, the Arbitrator shall give greater weight to the economic conditions in the jurisdiction of the municipal employer than the Arbitrator

gives to the factors under par. (bm). The Arbitrator shall give an accounting of his consideration of this factor in the Arbitrator's decision.

(bm) In reaching a decision, in addition to the factors under par. (am), the Arbitrator shall give weight to the following factors:

(6) In reaching a decision the Arbitrator shall give weight to the following factors:

- (a) The lawful authority of the Employer.**
- (b) Stipulations of the parties.**
- © The interests and welfare of the public and the financial ability of the unit of government to meet these costs.**
- (d) Comparison of wages, hours and conditions of employment of the employees involved in the arbitration proceeding with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally:
 - 1. In public employment in comparable communities.**
 - 2. In private employment in comparable communities.****
- (e) The average consumer prices for goods and services, commonly known as the cost of living.**
- (f) The overall compensation presently received by the employees, including direct wage compensation, vacation, holidays and excused time, insurance and pensions, medical and hospitalization benefits, the continuity and stability of employment, and all other benefits received.**
- (g) Changes in any of the foregoing circumstances during the pendency of the arbitration proceedings.**
- (h) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, fact-finding, arbitration or otherwise between the parties, in the public service or in private employment."**

TOWN POSITION

THE FOLLOWING REPRESENTS THE ARGUMENTS AND CONTENTIONS MADE ON BEHALF OF THE TOWN:

The police unit is the only represented bargaining unit remaining. The facts show that the internal comparables favor the Employer's position. The Town is obligated to follow the new Collective Bargaining Statute. The new law requires that employees contribute to their retirement and health and welfare plans. The Union may argue that the police unit is largely exempt from the new law. Under that law local economic conditions receive greater weight from the Arbitrator than all other factors. The Town will show that local economic conditions favor the Town's offer.

Public safety employees hired after July 1, 2011 must contribute their own share of retirement. This reinforces the public policies. For those employees hired before July 1, 2011, the Parties must bargain any change. The Town asked the police unit to contribute an additional 2% toward the premium. The police will only contribute 12% under the Town's offer and 10% under the Union's offer. The trend among the external comparables is that employees pay more toward health and retirement benefits. One of the most important goals for any employer is to preserve internal equity. The total difference between the Parties is approximately \$7,321. Since the Union elected not to present any costing information, the Arbitrator must accept the Town's figures.

The Town's offer provides for internal consistency and equity and should be selected on that basis alone. Employees of the Town are contributing more to their WRS and health insurance and did so earlier than police officers. Arbitrators have long recognized the significance in following a pattern set among other employees of the same employer. The Town believes that internal consistency and equity take priority over all of the other statutory factors. The status quo here does not apply due to the fact that all other Town employees are contributing more for health insurance and retirement. The Town would note that the police union will still enjoy better benefits with a better wage increase than received by other employees of the Town. The Town would note that, under its offer, the police officers would contribute 3% less than other Town employees toward the health insurance premium. It is clear that the police officers are still coming out ahead under the Town's offer when compared to other Town employees. Prior to the legislation the police DPW represented employees at that time and non-represented employees all contributed the same amount from 2002 through 2010. This is strong historical evidence showing that the Town has always treated the employees the same with respect to contributions.

Because of the two-tier system implemented by the legislature, which currently affects one employee, this is certainly an inequity involved between Union members. The Town has always treated employees the same, and the Arbitrator should continue this pattern and practice. Arbitrators have generally supported consistency and citations were provided.

The Town has provided the Union a quid pro quo for its proposed changes to health and WRS contributions. It has proven a need for the change and that the proposal addresses that need, and the Town has provided a quid pro quo. The Town has shown a compelling need for budgetary relief and equity in treating all employees the same. Many public safety unions across the state have voluntarily agreed to health and WRS concessions. The Union's final offer by not including any proposal on health insurance or WRS ignores the new economic problems facing the Town. The Employer stated that its 3% wage proposal in 2012 and 2013 is the quid pro quo necessary for the increased contributions. The Town realized that it must get the police to the same 15% health insurance contribution as all other employees. That will be a goal for the next negotiations. In addition, the Town agreed to phase in the contributions at a slower rate than other employees.

In addition to the above, the Arbitrator should give greater weight to the economic conditions in the town that support the Town's offer rather than all of the other statutory factors. The Arbitrator is obligated to give greater weight to the economic conditions in the Town of Rome. The Town is comprised largely of retired people living on fixed incomes. The Town presented evidence of their financial difficulties. Property values have dropped and the mill rate has been increasing. In addition, the Town is responsible for fire protection and road maintenance, which is borne entirely by the Town's residents. The Town would also note that Adams County is economically disadvantaged when compared to other local counties.

The record in this case shows that the Town's final offer provides competitive wages and fringe benefits with respect to the comparables. The health insurance premiums have increased well above the CPI and provides proof that the Town needs to control health insurance costs. In addition, the health insurance costs are significantly above the comparable average. Given the circumstances it is understandable for the Town to want employees to contribute a little more toward health insurance. The Town would argue that no quid pro quo is required since its costs are significantly above the mainstream. As noted above, there is an unmistakable trend among comparables to require police officers to contribute to WRS. For employees hired after July 1, 2011, there is no choice. The trend for these contributions has already started.

In addition to the above, the Town's wages rank competitively among the comparables. This is especially true since the Town's wage offer is above the Union's. The Town's final offer compares favorably to the prevailing pattern of settlements among its comparables. A review of recent settlements shows that the Town's offer is in the mainstream of what employers and unions are doing to resolve their contracts. In addition the Town's offer is above the cost of living.

The Town's offer provides an overall increase in the wage and benefit package in each year of the contract. The Town has proposed a fair settlement package given the current economic climate and internal settlements. The Town has shown that, through detailed costing information, the overall compensation received by employees will be competitive. In fact, a

breakdown of wages and benefits for a typical police officer shows that the Town's offer is generous. The Town would like the Arbitrator to note that its training policy rewards police officers with a valuable and rare benefit. The Town makes relatively high contributions to health insurance which more than offsets the Town's proposal on WRS.

The Town's final offer is in the best interest and welfare of the public. The public policy of the State is to restrict increases in property taxes to minimal amounts. If the Town is to make capital purchases and continue road maintenance, employees must pay their fair share. The profile of the County's statistics shows a favorability toward its final offer. The Employer's final offer shows a fair compromise to protect the interest and welfare of the public.

This case is about equity, which the Town believes trumps all other statutory criteria. This is not an easy choice, but the Town's offer is best supported by statutory factors. Local economic conditions warrant a modest offer that positions the Town for long-term financial stability. The Town's final offer provides competitive wages and benefits and provides some offset for increased costs of health insurance. As noted above, its offer is in the best interest and welfare of the public.

The Employer had an opportunity to reply to the Union's brief in this matter and its arguments are as follows:

The Employer believes that the Union has not proven that the Union's offer best meets the statutory criteria. The Town's offer balances the needs and interests of all employees in a fair and reasonable manner in order that by 2013 all employees are treated the same.

A majority of external comparables supports the Town's position on employees making WRS contributions, therefore, equity and external comparables best meet the statutory criteria.

The Union mis-characterizes the economic conditions in the Town of Rome. The Town uses the cast forward method as being the most accurate way to portray the cost of a settlement. Significantly, the Union agreed that the costing, as prepared by the Town, is accurate.

The most important issues in this case are the appropriate contributions to retirement and commensurate wage increases. Because of the corresponding reduction in state aid, municipalities were given much greater weight to control employee costs.

The equalized property value does not translate into wealth. The equalized property value is meaningless when the State has placed severe levy limits on the Town's ability to raise revenue. Given this inability to increase its levy, the Town must find other ways to balance its budget. One of the options available is to seek savings from health insurance and retirement.

The statutory factors provide overwhelming support for the Town's final offer. Factor A is not at issue. With respect to Factor B, the Town did improve the ability of its officers to reside within 50 miles of the Town of Rome as opposed to the previous 15 miles. There were clarifications of other provisions of the contract. Both Parties exhibited good faith in resolving these issues. The interest and welfare of the public is reflected in the Town's offer. Equity and fairness demand that the Town provide all of its employees with equal fringe benefits as it has done in the past. The Town has put together a package that allows it to maintain an effective police force. Its wages and benefits are able to attract and retain qualified police officers. The Town has no problem with turnover. The trend in the State is that employees are picking up more of the health insurance and retirement costs. The Employer would note that, among the Union's comparables, a significant number of communities have not settled. The Arbitrator can select the Town's offer knowing that it is in the mainstream of the practice found among comparables. The WRS contribution is subject to bargaining as it always has been. The approximate \$1,500 increase under the Union's offer is not backed up by any justification, particularly when compared to other public sector employees. The officers in this unit have a net gain for each year of the 3-year contract.

The Town's list of comparables is preferred over the Union's. It is a sufficient number. Arbitrators' rulings on the stability and consistency of comparables are only relevant once the Parties have a set of comparables established. There is no such existing set in this matter.

In addition to the above, private sector comparables support the Town's offer. Private sector statistics show that Adams County is an economically depressed area. The chart prepared by the Town shows the discrepancy between Rome and the private sector with respect to health insurance premiums. It is certainly within the interest and welfare of the public to narrow the gap between the level of fringe benefits found in Rome and the private sector.

As noted above, internal comparisons strongly favor the Town's offer to provide the same fringe benefits to all employees. The Town has tried to cushion this blow by spreading out the costs and providing the highest wage increase received in 2012 and 2013 by any other organized union and settlement. It is the Town's position that fringe benefits within the Town should be all the same and that wages of police officers should be based on how other police officers are compensated.

The Town must compare the police unit with other municipal employees as provided in criterion 8. Arbitrators have always considered employees in both the public and private sectors in making comparisons. The Town has the right to bargain the issue of employee contributions to retirement. The new law does not change the fact that the Town could have bargained this issue in the past. This has always been a mandatory subject of bargaining under the old law or under the new law. The Union's failure to deal with the WRS issue proves the unreasonableness of its offer.

The Town submits that there is a need to contain employee costs. The Town is treating all of its employees fairly by offering the same fringe benefits as historically has been done. The Union claimed that equity is not what the legislature had in mind when it changed the law. The Town has the right to make a WRS proposal and it did so. The Town has two goals - being cost effective in the long run and treating all employees the same with respect to fringe benefits. The Town appreciates the impact that its offer has on police employees, however, it is an economic fact of life that employees in the private sector have faced layoffs, wage cuts and wage freezes for some time now. The Town understands the Union's reluctance to accept concessions. Town employees have suffered the same concessions but with no wage increase over the last two years. The Town's offer has an offset of a 3% wage increase in both 2012 and 2013.

The Town meets the tests for changes in the status quo. There is a persuasive basis for change. In addition, having police employees pay for their fair share insures that there is no two-tiered benefit system. In addition the Town's final offer provides a quid pro quo.

In this matter the legislature has established a two-tier system. Arbitrators have found these systems to be wanting. Citations were provided.

The average consumer prices for goods and services, commonly known as the cost of living, are best met with Town's offer. The Town believes that the integrity of the CPI cannot be diluted by wage settlements. Many arbitrators have held that it is important to view CPI

in an historical content. There can be no dispute that the wages of the police officers have greatly exceeded the CPI under the Town's offer.

Overall compensation also is best reflected in the Town's offer. The Union acknowledges that the Town is in the mainstream on various benefit levels. The Town has proven that it contributes \$68 per month more toward the single premium, or 14% above the comparable average. On the family plan, it is 28%. These are staggering amounts and dwarf the small 2% the Town is seeking. The facts are that the Town offers competitive wages and benefits. It will take many years for the comparables to catch up to Rome.

The Town has submitted a reasonable proposal that is designed to balance the competing interests of the Employer, while at the same providing officers with a relatively high wage increase. The Town has submitted a responsible offer that addresses the needs of both the Town and all of its employees. The Union stated that the Employer should not be allowed to break the public promise by permanently and progressively reducing overall compensation. This statement reflects an outmoded view of collective bargaining which is a fluid process. Wages and benefits can go up or down and change subject to the bargaining process. This is precisely what occurred in this case. The Town had to balance two different laws and try to find the middle ground. The Town is doing the best it can in finding that compromise.

Based on the above, the Town's offer is the more reasonable and should be so ordered by the Arbitrator.

ASSOCIATION POSITION

THE FOLLOWING REPRESENTS THE ARGUMENTS AND CONTENTIONS MADE ON BEHALF OF THE ASSOCIATION:

The economic conditions in Rome are well able to support a finding for the Association's final offer. The Association's offer amounts to a total of \$7,321 greater than the Employer's offer over the 3-year contract. The Town can easily afford this small amount of money. The Association would note that the equalized property value in the Town of Rome is just above average for the external comparables. If you look only at the municipalities of similar size, Rome's equalized valuation is at the top. In addition the median income in Rome is high and it has a low level of those below the poverty line. The Town is made up largely of retired residents according to the testimony of the Town Board Chair, however, the statistics show that only one quarter of the individuals in the 1,181 households are above the age of 65. There is no data, however, of what percentage of those individuals is actually retired. The Board Chair indicated on cross that the Town of Rome is actually also a resort community.

The Board Chair also testified that the Town had to pay \$500,000 in litigations costs. This stemmed from the finding that the Town discriminated against Police Officer Jolene Orłowski. The Town discriminated and had to pay for its actions. This is not a justification for reducing the compensation of other officers.

There is no claim by the Town that it has an inability to pay. If the Town were to make this claim, it shoulders the burden of proof. In addition to the above, the Town made claims that it had to spend money for road equipment that was not budgeted. There is no budget data that was introduced into evidence.

The arbitral criteria compellingly support the Association's final offer. Criteria A and B are not at issue. Criterion C, the interest and welfare of the public and the financial ability of the unit of government to meet the costs, favors the Association. The interest and welfare of the public is best served when public safety has well-trained and fairly treated officers. The Association has made a real attempt to keep the Town's costs down by proposing wage increases of 0%, 2% and 2% over the three years. These are less than average comparable lifts over the term of the contract even when looking at the Employer's external comparables.

What is the dramatic change in these proceedings is the requirement of the Town for the officers to make a full WRS contribution of 6.65%. There was no showing that the Town has made an appropriate argument for a "persuasive need." Willingness to pay should not be confused with inability to pay.

It may be that the Town will point to internal settlements and ask to be guided by both the imposed settlements on unorganized and management employees. These are not appropriate to consider vis-a-vis the police department. None of the internal comparisons includes sworn personnel. Numerous arbitrators have come to that conclusion.

The interlocking of officers' WRS contributions to that of employees covered by a different statute is contrary to public policy. The legislature clearly viewed and articulated rights and arbitral criteria as different for law enforcement personnel and those of general employees. The Employer here seeks to insert itself in the place of the Wisconsin legislature and demand of these employees that which the legislature did not seek. What the legislature did pass and the Governor signed was a bill that required WRS contributions for new hires in law enforcement departments.

The rationale expressed by the Employer in support of its offer relative to the WRS contribution is flawed. The magnitude of the decrease in the officers' disposable income is inappropriate and a complete lack of a quid pro quo for the modifications to the WRS and to the insurance premium sharing. These constitute defects sufficient to negate any finding for the Town. The record shows that there is no proven need for these changes. There is no inability to pay claim. The Town has financial resources similar to, or more likely better than, comparable communities.

While the Employer argued equity, the legislature did not require this type of equity. If the only concern was to save money, the Town could have reduced its wage offer. Where we are now is that the Town proposal is not supported by statutory criteria, arbitral dicta, the external comparables submitted by either Party or the intent of the legislature. What the Town is asking for is a large and painful reduction in the real income of the officers. In addition the Employer did not offer any realistic quid pro quo. Arbitrators have made the

following requirements for the change in the quid pro quo: demonstrated need, a provided quid pro quo for the proposed change, the nature of a quid pro quo, if offered, and support among the comparables.

That which the Parties have voluntarily agreed upon should not be easily annulled in arbitration. The use of arbitration to accomplish its goal is contra-indicated.

With regard to the cost of living criterion, the CPI conclusively favors the Association's offer as does the pattern of settlements during the term of this contract.

Overall compensation of bargaining unit employees - this factor favors the Association's proposal when reviewing health insurance, vacation, uniform allowance and sick leave costs among the comparables.

Comparable employers have voluntarily settled with their officers and deputies for wage rates equal to what the Association seeks in this dispute. Rome police officers have worked long and dangerous hours for less pay than they rightfully deserve. The benefits they enjoy were not a gift. The officers worked hard to earn them. The Employer should not be allowed to break the public promise by permanently and progressively reducing overall compensation.

For the foregoing reasons, the Association respectfully requests that the Arbitrator select its final offer for incorporation into the 2011-2013 Collective Bargaining Agreement.

The Union also had the opportunity to reply to the Town brief and its arguments are as follows:

The Town's external comparables contain several significant errors including relying on countywide data and utilizing some municipalities that are not organized. Many arbitrators have found that counties and municipalities are not directly comparable.

The Town believes that internal consistency and equity take priority over all of the other statutory factors. Neither of these items is a statutory factor, therefore, by definition they cannot take priority.

The Association is not sure how the Town determined that unions are opposed to two-tier fringe benefit systems. The Union has often negotiated differentiated benefits in bargaining, e.g. single vs. family insurance rates. In addition the Town's argument that its insurance costs are more than other comparables is not justified in its arguments. To change the status quo there must be a very good reason. The Town seems to argue that internal comparability trumps external settlements. This is not a position that can be upheld by reviewing other interest arbitration decisions.

There was no showing that the increase in the insurance premium and the full WRS payment has become the norm or is well accepted among comparables.

The Town argued that changes in contributions cause the public interest to be best served. There was no showing that this has any basis in fact.

DISCUSSION AND OPINION

The role of an Arbitrator in interest arbitration is substantially different from that in a grievance arbitration. Interest arbitration is a substitute for a test of economic power between the Parties. The Wisconsin legislature determined that it would be in the best interest of the citizens of the State of Wisconsin to substitute compulsory interest arbitration for a potential strike. In an interest arbitration, the Arbitrator must determine not what the Parties would have agreed to, but what they should have agreed to, and, therefore, it falls to the Arbitrator to determine what is fair and equitable in this circumstance. The statute provides that the Arbitrator must pick in all areas of disagreement the total last best offer of one side over the other. The Arbitrator must find for all open issues which side has the most equitable position. We use the term "most equitable" because in some, if not all, of last best offer interest arbitrations, equity does not lie exclusively with one side or the other. The Arbitrator is precluded from fashioning a remedy of his choosing. He must by statute choose that which he finds most equitable under all of the circumstances of the case. The Arbitrator must base his decision on the combination of factors contained within the Wisconsin revised statute (and reproduced above). It is these factors that will drive the Arbitrator's decision in this matter.

Prior to analyzing each open issue, the Arbitrator would like to briefly mention the concept of status quo in interest arbitration. When one side or another wishes to deviate from the status quo of the collective bargaining agreement, the proponent of that change must fully

justify its position, provide strong reasons, and a proven need. It is an extra burden of proof placed on those who wish to significantly change the collective bargaining relationship. In the absence of such showing, the party desiring the change must show that there is a quid pro quo or that other groups comparable to the group in question were able to achieve this provision without the quid pro quo. In addition to the above, the Party requesting change must prove that there is a need for the change and that the proposed language meets the identified need without posing an undue hardship on the other Party or has provided a quid pro quo, as noted above. In addition to the statutory criteria, it is this concept of status quo that will also guide this Arbitrator when analyzing the respective positions.

Finally, before the analysis the Arbitrator would like to discuss the cost of living criterion. This is difficult to apply in this Collective Bargaining context. The weight placed on cost of living varies with the state of the economy and the rate of inflation. Generally, in times of high inflation public sector employees lag the private sector in their economic achievement. Likewise, in periods of time such as we are currently experiencing public sector employees generally do somewhat better not only with respect to the cost of living rate, but also vis-a-vis the private sector. In addition, the movement in the consumer price index is generally not a true measure of an individual family's cost of living due to the rather rigid nature of the market basket upon which cost of living changes are measured. Therefore, this Arbitrator has joined other arbitrators in finding that cost of living considerations are best measured by the external comparables and wage increases and wage rates among those external comparables.

In any event, both sides have agreed that the wage increases for this bargaining unit would exceed the cost of living percentage increases no matter what source.

EXTERNAL COMPARABLES

With respect to the external comparables, any proposed comparables will be difficult to change in the future. The purpose for this is to provide some consistency and continuity in the Collective Bargaining process. The appropriate group will be Villages and Towns economically and geographically similar to Town of Rome. Also common size and recruiting similarities.

Both Parties have agreed to two of the external comparables, Cities of Adams and Watoma. The Arbitrator finds that, based on the criteria above, the following municipal units are appropriate to this case: City of Nekoosa, Villages of Port Edwards, Redgranite, Mauston, Plover and Necedah, and Town of Grand Rapids. In this Arbitrator's experience no municipality has been successfully compared to any County.

In addition to the above this Arbitrator has had INT/ARB cases with the major union's representing police units state wide, county, city and municipality those being. The Arbitrator must consider external comparables proposed in this case with language generally found in

those agreements at least in Wisconsin. The Arbitrator would note that there is a trend among some external comparables for a WRS contribution.

INTERNAL COMPARABLES

The Town relies to a great extent on its internal pattern. This Arbitrator has found in a number of arbitrations that internal comparables generally are not directly comparable to police units with the possible exception of firefighters. These units are involved in public safety and are often put at great personal risk in carrying out their assigned duties. This Arbitrator has often found that clerical units, court units, Department of Public Works units, etc. are not directly comparable to police units.

The police unit in the Town of Rome is the only represented unit. Other employees have no choice if the Board requires contributions of whatever level. This fact alone makes the use of internal comparables questionable in this matter at best.

Finally, before the analysis the Arbitrator would like to discuss the cost of living criterion. This is difficult to apply in this Collective Bargaining context. The weight placed on cost of living varies with the state of the economy and the rate of inflation. Generally, in times of high inflation public sector employees lag the private sector in their economic

achievement. Likewise, in periods of time such as we are currently experiencing public sector employees generally do somewhat better not only with respect to the cost of living rate, but also vis-a-vis the private sector. In addition, the movement in the consumer price index is generally not a true measure of an individual family's cost of living due to the rather rigid nature of the market basket upon which cost of living changes are measured. Therefore, this Arbitrator has joined other arbitrators in finding that cost of living considerations are best measured by the external comparables and wage increases and wage rates among those external comparables. In this matter the Union has proposed an amount somewhat comparable to the cost of living and the Employer has proposed a wage increase more than the cost of living but is also requiring new contributions for WRS and health and welfare coverage.

This case is a prime example of problems encountered with an all-or-nothing final offer acceptance. In this case the Employer has offered a 6% wage increase, 3% each in years 2 and 3. It has also asked for a 2% increase in the health and welfare contribution and a 6.65% increase in the WRS contribution. The Arbitrator would note that currently the police officers are not making any WRS contribution. This means that, when adding all of this together, the police officers would lose 2.65% from their current earnings. In addition the Arbitrator would note that there are tax consequences for higher wages slightly offset by overtime and which have been more than offset by increased contributions. The Union, for its part, has proposed a 2% wage increase for the 2nd and 3rd years of the contract and status quo for the contributions.

The Arbitrator noted above that there is a trend among some comparables for contributions to the health and welfare and the WRS contributions, however, at this point the external comparables still somewhat favor the Union's position, not to mention the difficulties facing the Town in proving the requirements for a change in the status quo.

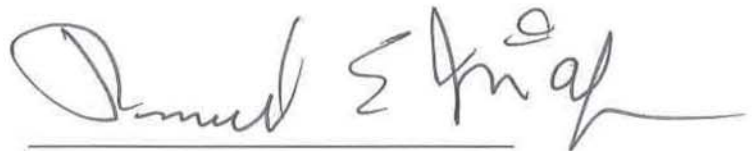
There was no showing of an inability to pay in the Union's proposal in this matter and, while there was no showing that the Town has an inability to attract and keep excellent employees, there certainly is a lower morale factor contained within the Employer's proposal. This is particularly true where the external comparables somewhat favor the Union's position. This offer from the Union is certainly not a windfall for the bargaining unit. There was no showing that a 6.65% WRS contribution has reached the level of a persuasive need at this time. In addition to the above the "Local Economics" somewhat favor the Employer but not to the point of overturning the Union's position.

The Arbitrator would also like to mention the two-tier system for contributions. New employees will be making contributions toward health and welfare and WRS at the level set by the State legislature. The Arbitrator has found in other decisions that two-tier systems are difficult to manage, at best; however, this two-tier system is not a creature of bargaining, it is a creature of the legislature and there will be issues with this in the future as more senior employees retire and new employees paying the higher contribution rate come into the bargaining unit.

AWARD

On the basis of the foregoing and the record as a whole, and after full consideration of each of the statutory criteria, the undersigned has concluded that the final offer of the union is the more reasonable proposal before the Arbitrator and directs that it, along with the stipulations reached in bargaining, constitute the agreement between the Parties.

Signed at Oconomowoc, Wisconsin this 14th day of December, 2012.

A handwritten signature in black ink, appearing to read "Raymond E. McAlpin", written over a horizontal line.

RAYMOND E. MCALPIN, ARBITRATOR